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THE Tobacco SITUATION

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BUREAU OF AGRICULTURAL ECONOMICS
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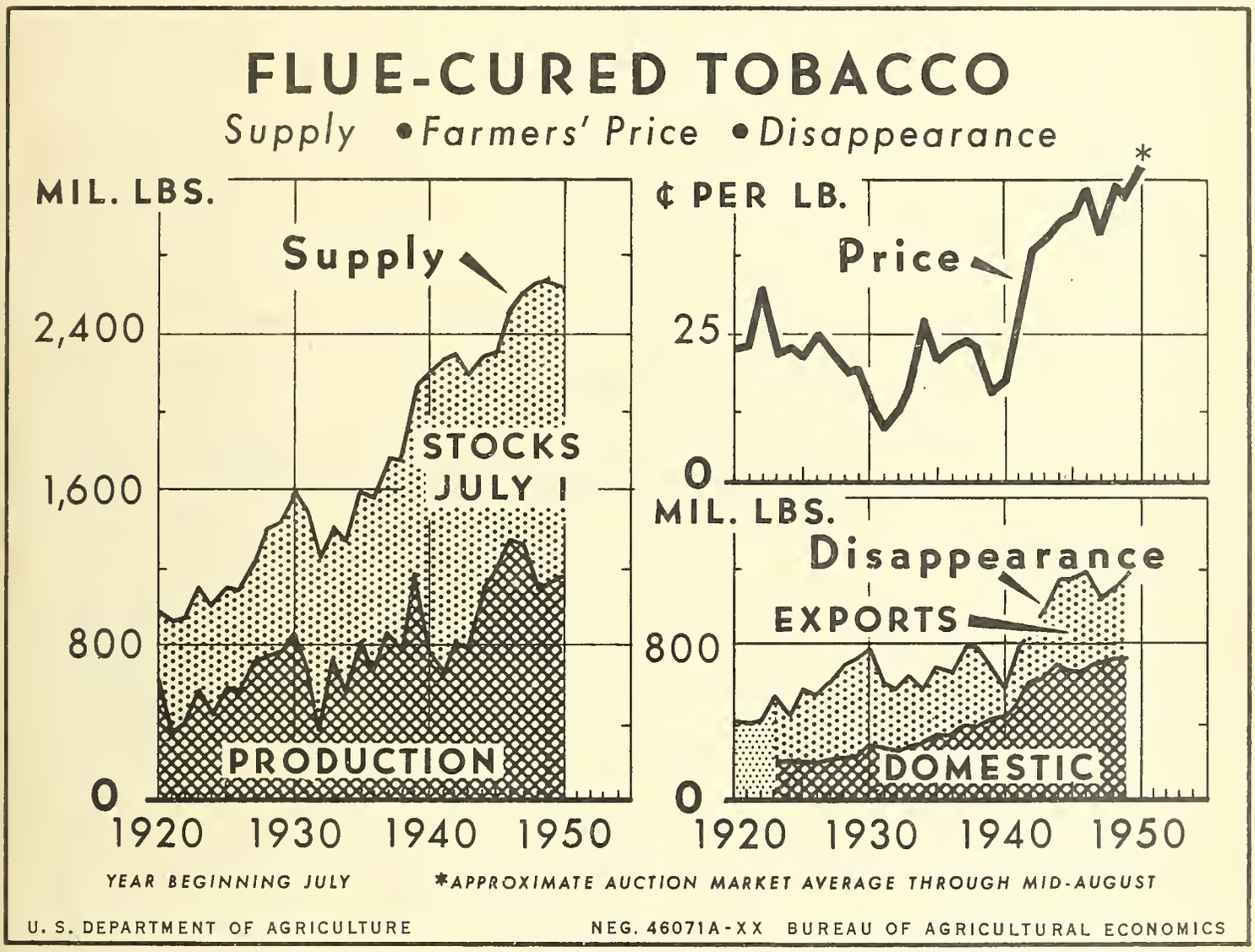

The 1950–51 supply of flue-cured tobacco is near the record level of 1949–50. The 1950 crop, according to August 1 indications was for 1,146 million pounds—a little above last year. Carry-over on July 1 was close to 1,485 million pounds—about 3 percent below last year. Domestic use in 1949–50 was slightly above the 1948–49 peak, while exports increased 15 percent over a year earlier. Domestic use is approximately double the 1934–38 average, primarily as the result of the sharply higher cigarette consumption than in the late Thirties. Domestic use of flue-cured will continue large in 1950–51 and substantial exports are again expected.

Prices for the 1949 crop averaged 47.2 cents per pound—5 percent below the record 1948 average. Auction prices for early season marketings this year (through mid-August) averaged 15 percent higher than in the comparable period in 1949.

STATISTICAL SUMMARY

Item	Unit or base period	1949 April	1949 May	1949 June	1949 July	1950 April	1950 May	1950 June	1950 July	Last data available as percent of a year earlier
Prices received at auctions										
Flue-cured	Cents per lb.	C - l - o - s - e - d			44.1	C - l - o - s - e - d			51.1	116
Maryland	Cents per lb.	Closed	53.2	56.4	56.0	Closed	48.6	49.0	45.8	82
Parity prices 1/										
Flue-cured	Cents per lb.	47.2	47.2	47.2	46.9	49.2	49.8	50.0	50.2	107
Burley	Cents per lb.	45.7	45.7	45.7	45.5	49.2	49.8	50.0	50.2	110
Maryland	Cents per lb.	47.4	47.4	47.4	47.2	54.7	55.4	55.6	55.8	118
Fire-cured	Cents per lb.	21.9	21.9	21.9	21.8	29.4	29.7	29.8	30.0	138
Dark air-cured (35-36)	Cents per lb.	17.5	17.5	17.5	17.4	26.4	26.7	26.8	26.9	155
Virginia sun-cured (37)	Cents per lb.	23.5	23.5	23.5	23.4	33.1	33.5	33.7	33.8	144
Index of prices paid, int., taxes, and wage rates 2/	1910-14=100	254	253	252	250	251	254	255	256	102
Tax-paid Withdrawals										
Cigarettes, small 3/	Million	27,325	30,893	32,735	25,854	26,155	32,350	32,771		100
Cigars, large 3/	Million	429	429	521	423	383	425	471		90
Chewing and Smoking	Mil. lb.	15	17	17	14	15	16	16		94
Snuff	Mil. lb.	3.3	3.3	3.3	2.2	3.5	3.2	3.9		118
Accumulated since Jan. 1										
Cigarettes, small 3/	Million	111,865	142,758	175,493	201,347	113,154	145,504	178,275		102
Cigars, large 3/	Million	1,736	2,166	2,686	3,109	1,676	2,101	2,572		96
Chewing and Smoking	Mil. lb.	60	78	95	109	64	79	95		100
Snuff	Mil. lb.	13.8	17.1	20.3	22.6	13.1	16.3	20.2		100
Cigarettes, tax-free	Million	3,568	3,172	3,236	2,155	1,974	2,395	2,594		80
Accumulated since Jan. 1										
Tax-free	Million	11,514	14,687	17,923	20,077	8,270	10,666	13,260		74
Tax-paid plus tax-free	Million	123,379	157,444	193,416	221,424	121,424	156,170	191,535		99
Stocks, beginning of quarter 4/ (farm-sales weight)										
Flue-cured	Mil. lb.	1,767			1,538	1,754			1,485	97
Burley	Mil. lb.	1,246			1,116	1,283			1,152	103
Maryland	Mil. lb.	38			51	38			53	104
Fire-cured	Mil. lb.	202			178	199			180	101
Dark air-cured	Mil. lb.	94			82	94			88	107
Cigar, filler 3/	Mil. lb.	174			212	224			218	103
Cigar, binder	Mil. lb.	151			139	156			147	106
Cigar, wrapper	Mil. lb.	20			17	22			20	118
Exports (farm-sales wt.)										
Flue-cured	Thou. lb.	15,141	8,871	18,696	23,442	39,190	33,189	13,925		74
Burley	Thou. lb.	4,369	1,996	2,884	4,413	3,573	3,108	5,921		205
Maryland	Thou. lb.	430	135	242	849	1,401	629	548		226
Fire-cured	Thou. lb.	1,789	3,829	8,582	4,284	4,572	4,000	3,076		36
Dark air-cured	Thou. lb.	665	4,010	2,907	999	684	502	367		13
Cigar	Thou. lb.	1,366	3,351	3,827	609	754	541	1,407		37
Total 5/	Thou. lb.	23,761	22,194	37,138	34,596	50,176	41,977	25,247		68
Accumulated since beginning of crop year										
Flue-cured	Thou. lb.	359,593	368,463	387,160	6/23,442	397,387	430,576	444,501		115
Burley	Thou. lb.	22,745	24,741	27,624	32,037	18,159	21,267	27,188		98
Maryland	Thou. lb.	6,785	6,921	7,163	8,012	4,838	5,467	6,015		84
Fire-cured	Thou. lb.	18,750	22,578	31,160	35,444	15,919	19,919	22,995		74
Dark air-cured	Thou. lb.	5,137	9,147	12,054	13,053	4,030	4,532	4,899		41
Cigar	Thou. lb.	13,141	16,492	20,319	20,927	5,641	6,182	7,589		37
Personal income 7/	Bil. dol.	207	208	206	204	214	214	216		105
Index of Industrial Production 8/	1935-39=100	177	174	170	163	188	195	200		118
Percent Labor Force Employed	Monthly	95.0	94.7	94.0	93.6	94.3	95.1	94.8	95.0	101

1/ 1949 parities computed by old formula; 1950 parities, by new formula. 2/ 1949 parities not computed with this index.
3/ Includes Puerto Rican. 4/ Stocks for July 1, 1950, are preliminary. 5/ Includes a small amount of Perique.
6/ Beginning of crop year. 7/ Seasonally adjusted monthly totals at annual rate. 8/ Without seasonal adjustment.

THE TOBACCO SITUATION

Approved by the Outlook and Situation Board August 17, 1950

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SUMMARY

A record consumer expenditure for tobacco products is probable in 1950-51 because of the high levels of employment and income in prospect. United States cigarette consumption will probably reach a new high during 1950-51 and use of other tobacco products also may be larger than in 1949-50. Tobacco leaf exports are likely to be near the 1949-50 level, the highest in 3 years.

United States cigarette consumption in the year ending June 30, 1950, totaled 355 billion--3 billion larger than in 1948-49 and a new record. Total manufacture of 383 billion was about 7 billion less than in 1948-49 mostly because of the smaller output for export. Large manufacturers advanced cigarette prices in late July, and it is estimated that cigarettes will probably cost United States consumers around 125 million dollars more per year at the retail level.

Cigar consumption during 1949-50 at 5 1/2 billion was 3 1/2 percent lower than in each of the 2 previous years. Some improvement in consumer demand for cigars is looked for in the latter half of 1950. Smoking tobacco output in 1949-50 ran a little ahead of 1948-49 but chewing tobacco was about 5 percent smaller. Snuff consumption declined early in 1950 but for the fiscal year as a whole, was about 1 percent more than in 1948-49. A rise in employment in occupations in which smoking is prohibited would tend to increase the use of chewing tobacco and snuff as was the case during World War II.

During the year ending June 30, 1950, United States exports of unmanufactured tobacco totaled 481 million pounds (declared weight) valued at nearly 236 million dollars. Volume was up 7 percent over 1948-49 and 11 percent above the 1935-39 average. The United Kingdom and Germany were the 2 top ranking foreign destinations, but sizable quantities of United States leaf went to many other countries in western Europe, Africa, and the Pacific area. The Economic Cooperation Administration has financed substantial amounts of the tobacco procured by western European countries in the past 2 1/3 years, and such financing will continue to be an important factor in the year ahead.

The 1950 crop of tobacco of about 1,933 million pounds is slightly smaller than last year's but is one-third larger than the prewar average. Acreage allotments for some types were set lower than last year because of large supplies. Marketing of the 1950 crop of tobacco began in late July when auctions opened for flue-cured, the largest single class of tobacco. Demand has been very strong and is expected to continue so. Flue-cured prices for the season through mid-August averaged 51 1/2 cents per pound--15 percent higher than in the comparable period of the 1949 season. The 1950 support level for flue-cured computed at 90 percent of the June parity is 45 cents per pound compared with 42 1/2 cents last year. Market prices for most grades have usually been well above the support level and growers have been placing a smaller proportion under Government loan than last season. Marketings of Burley, fire-cured, dark air-cured, and cigar tobacco begin in the late fall. The support levels for all these types will be higher than in the 1949 season. Tobacco parities, as now calculated under the new parity formula prescribed by the Agricultural Acts of 1948 and 1949, are higher than under the old formula. Support levels for tobacco types other than flue-cured are determined by the position of the parity index as of September 15. This index in July 1950, was 3 percent above September 1949 and some further advance is probable by September of this year.

According to August 1 indications, this year's flue-cured crop is about 1,146 million pounds--almost 3 percent above last year. Although the carry-over of flue-cured on July 1 was less than a year ago, the total supply for 1950-51 is nearly the same as in 1949-50. Domestic use of flue-cured in 1949-50 was a record and exports were the highest in 3 years. A large total disappearance of flue-cured is again in prospect for 1950-51, which has tightened the current supply considerably.

The prospective crops of Burley, Maryland, fire-cured, and dark air-cured tobacco are smaller than last year's. The Burley, fire-cured, and dark air-cured allotments for 1950 were reduced below those for 1949 because of the large supplies. The carry-over of Burley next October 1 is estimated at around 1 billion pounds--a record. The total 1950-51 supply will be the second highest in history. Domestic uses such as cigarettes, and smoking and chewing products absorb a high proportion of Burley. Demand for the cigarette grades is likely to be strong when markets open around the first of December.

Although the 1950 crop of Maryland tobacco will be smaller than last year, total supplies for 1950-51 will be only slightly less than for 1949-50 because of the expected record carry-over. Most Maryland tobacco goes into cigarettes. Auction marketing of the 1949 crop was completed on August 10, 1950, and prices for the season as a whole averaged 47.5 cents per pound--12 percent below the auction market average for the 1948 crop.

Fire-cured and dark air-cured tobacco supplies are large in relation to anticipated requirements. In this country, these types are used mainly in snuff and chewing tobacco. In the current year, roughly one-half of the total outlet for fire-cured is in exports. Except for Virginia fire-cured, the exports of fire-cured and dark air-cured types dropped from 1948-49 to 1949-50.

Production of domestic cigar filler and binder is indicated as being 6 and 7 percent higher than in 1949. Also, the estimated carry-overs of both next October 1 will be above those of last October. Cigar tobacco parities are substantially higher than those which applied to last year's crops. Prices of several cigar tobacco types last season dropped below those of the preceding season. Continental cigar tobacco is not now under quotas and acreage allotments.

Cigar wrapper production this year has been reduced considerably below last year. However, the July 1 carry-over of both United States types on a combined basis was larger than in any previous July, and brings total supplies for 1950-51 up to the record 1949-50 level.

Most cigar tobacco is used by domestic cigar and scrap chewing manufacturers. The 1949-50 exports of cigar leaf are sharply less than the unusual quantity shipped abroad in 1948-49.

TOBACCO PRODUCTS

Cigarettes

Cigarette production during the fiscal year ending June 30, 1950, totaled a little over 383 billion--almost 7 billion less than the record of the previous fiscal year. The drop is due to lower exports and declines in other tax-free uses. Consumption of cigarettes in the United States reached 355 billion--3 billion larger than in 1948-49 and a new record. During the first half of 1950, United States cigarettes consumption was 1.7 percent above January-June 1949. During the last half of 1949, United States cigarette consumption ran even with the same period a year earlier. A high level of cigarette use is probable during the last half of 1950 and in 1951. The step-up in defense activity at a time when employment and income already are high will assure large cigarette consumption despite recent advances in prices. Prices of cigarettes to consumers have gone up over the past several years, even when manufacturer's prices did not rise, because of new or increased State and local tax levies on cigarettes and the effects of minimum price provisions enacted by various States. During the same period, consumption of cigarettes has increased steadily.

The most recent price advances on cigarettes occurred in late July. The large companies raised the wholesale prices from $7.78 per thousand to $8.00 per thousand cigarettes, less usual discounts. This is expected to result in increases of 4 to 10 cents in the retail prices per carton (10 packages of 20 cigarettes each). Sales of individual packages of 20 at retail are expected to cost 1 cent more. Retail sales of two packages at a time will in some instances be one-half cent per package more than previously; but in numerous cases, the 1-cent increase per package will apply even in 2-package sales.

It is estimated that cigarettes will cost United States consumers around 125 million dollars more per year as the result of these price advances. Cigarette manufacturers gross receipts seem likely to rise by around 75 million dollars a year. Prior to July 1950, wholesale prices for standard brand cigarettes were raised in July 1948 and twice during 1946. Two other increases occurred between 1937 and 1946 to allow for the increase in the Federal excise tax on cigarettes. The first tax increase came when in mid-1940, the excise per thousand went from $3.00 to $3.25 per thousand. The second occured in late 1942, when the excise rose from $3.25 to $3.50 per thousand. Deducting the excises from the wholesale prices (reduced by the usual discounts), the prewar net prices for standard brand cigarettes amounted to $2.513. The 1949 net price was $3.362. Following the recent advance, the present net price amounts to $3.706. The present net price (excluding the excise tax) is 10 percent higher than before the increase and 47 1/2 percent higher than from early 1937 through late April 1946. Government price ceilings on tobacco products were in effect from early 1942 until mid-1946.

According to Federal Trade Commission data the net income after taxes of the four largest cigarette companies was 121 million dollars in 1949 compared with 112 million in 1948 and 80 1/2 million in 1940. The rate of return on average stockholders' investment averaged about the same in 1949 and 1948 as in 1940.

During July 1949-June 1950, United States exports of cigarettes totaled about 16 billion--down approximately one-third from the 23 2/3 billion shipped in 1948-49. The Philippine Republic, the principal foreign outlet since the war, took only about a little more than 3 1/2 billion in contrast to nearly 10 billion in 1948-49. The Philippine Government is now restricting cigarette imports along with other items because of her tight dollar exchange situation. During the first half of 1950, United States cigarette exports were running 31 percent below the first half of 1949. Among the top ranking foreign takers, the Philippines, Netherlands Antilles, Switzerland, and Czechoslavakia took less while Tangier-Morocco, Belgium, Hong Kong, and Venezuela took more.

Cigars

Cigar consumption during the year ending June 30, 1950, was near 5.5 billion compared with 5.7 billion in each of the 2 previous years. The number of cigars retailing for 8 cents or less showed a 10-percent gain over 1948-49, but the number selling for more than 8 cents was 15 percent smaller than a year earlier. In 1949-50, the lower-priced group comprised

50 percent of all cigars compared with 41 percent of the total 2 years earlier. During the first half of 1950, cigar consumption was about 4 percent below the same period in 1949. During the remainder of 1950, consumer demand for cigars is likely to show some improvement. Based on the high rate of economic activity in prospect and the vigorous promotional campaign on the part of the industry, cigar consumption will probably equal or top that of the last half of 1949.

Smoking Tobacco

Output of smoking tobacco during the year ending June 30, 1950, was close to 109 million pounds compared with nearly 108 million in 1948-49. The increase for the first half of 1950 was around 1 percent above the same period of 1949. Smoking tobacco consumption has been comparatively stable since the end of World War II but 45 percent below the prewar average. It is probable that output and consumption of smoking tobacco during the last half of 1950 will equal or slightly exceed the last half of 1949. Indications are that use of hand-rolled cigarettes increased some in 1949-50 over the previous 2 years. The recent price increase of the popular brands of cigarettes is not expected to have much effect on use of smoking tobacco. The prospective high levels of employment and income will tend to favor the manufactured cigarettes because smokers are not so likely to economize by buying packaged smoking tobacco. Prices paid by farmers for smoking tobacco in June 1950 were 2 percent above June 1949 and about 40 percent above the prewar average. The retail price for pipe tobacco in 18 cities in the first few months of 1950 was up 7 1/2 percent over a year earlier according to data of the Bureau of Labor Statistics.

United States exports of packaged and bulk smoking tobacco combined in the year ending June 30 totaled about 1.9 million pounds--14 percent less than in the previous year. Both categories were less than in the preceding year.

Chewing Tobacco

The manufacture of chewing tobacco in the year ending June 30, 1950, totaled about 89 million pounds--5 percent less than in 1948-49 and is the smallest fiscal year total for this century. Plug chewing made up 47 percent of the total, scrap chewing 44 percent, twist 6 percent, and fine-cut 3 percent. Each kind fell below a year earlier. Compared with the prewar average, plug has dropped 28 percent and scrap 11 percent. Fine-cut declined the most, 43 percent, while twist was only about 5 percent below prewar. The long-term decline in chewing tobacco consumption was interrupted during World War II. In dangerous occupations where smoking was prohibited, some tobacco users turned to chewing. Total output of chewing tobacco in 1944 reached 125 million pounds--almost one-fourth larger than the low point to which chewing had declined by 1940. It seems likely that with increasing employment in defense jobs where employees may not smoke, that some increase in the use of chewing tobacco may occur.

The BLS wholesale price index for chewing tobacco has been unchanged for about 4 years but in the first half of 1950 was about 30 percent above prewar.

In the year ending June 30, United States exports of chewing tobacco were approximately 1 3/4 million pounds--34 percent below the previous year.

Snuff

The consumption of snuff in the year ending June 30, 1950, was about 41 million pounds compared with 40 1/2 million in 1948-49. During the last half of 1949, use of snuff ran 4 percent above the same period of the previous year but then fell off in the early months of 1950. A sharp upturn occurred in June 1950, bringing the total for the first half of 1950 almost equal with that in the same period in 1949. Use of snuff tends to be quite stable from year to year, but there was an increase during World War II to a peak of 43.8 million pounds in 1945. Consumption in the late Thirties was near 38 million pounds. With a stepping up of defense activity, use of snuff is likely to increase above the rate of the first half of 1950 and will probably equal or exceed the fairly high rate of July-December 1949.

The BLS wholesale price index for snuff during the first half of 1949 was almost 50 percent above the prewar average. A sharp rise of about 25 percent occurred in early 1948.

EXPORTS OF UNMANUFACTURED TOBACCO FROM THE UNITED STATES 1/

During the year ending June 30, 1950, United States exports of unmanufactured tobacco totaled 481 million pounds--6 1/2 percent higher than in 1948-49. The increase resulted from the heavy shipments during the last half of 1949 since shipments during the first half of 1950 were smaller than in the same period of 1949. The 1949-50 tobacco exports were the highest in 3 years and also exceeded the prewar average by 11 percent but were less than in 1945-46 and 1946-47.

The value of United States unmanufactured tobacco exports in 1949-50 was nearly 236 million dollars--4 percent above 1948-49. The average value per pound of exported tobacco was 49 cents compared with 50 cents in 1948-49.

During 1949-50, flue-cured exports composed four-fifths of the total--a larger share than in 1948-49 and prewar. Exports of flue-cured, Burley, Virginia fire-cured, and Perique were higher in 1949-50 than in 1948-49; while Kentucky-Tennessee fire-cured, One Sucker, Green River, Black Fat, Maryland, and cigar leaf tobacco exports were smaller. Stems, trimmings, and scrap were down sharply from a year ago.

Comparing 1949-50 with the prewar average, exports of flue-cured, Burley, Maryland, One Sucker, and cigar tobacco were higher, but all the other classifications were lower--much lower in some instances.

1/ Quantities of tobacco in this section are stated in terms of export weight, which is less than the equivalent farm-sales weight.

Table 1.- United States exports of unmanufactured tobacco, for specified periods, by types, to principal importing countries

(declared weight)

Type and country	Fiscal year 1935-39 average	Fiscal year 1949	Fiscal year 1950	1950 as a percentage of 1935-39 average	1950 as a percentage of 1949	January-June 1935-39 average	January-June 1949	January-June 1950
	Mil.lb.	Mil.lb.	Mil.lb.	Percent	Percent	Mil.lb.	Mil.lb.	Mil.lb.
Flue-cured	318.9	337.2	387.2	121	115	102.3	115.1	122.3
Burley	11.3	28.0	36.1	319	129	5.7	16.6	17.6
Maryland	5.3	9.2	7.8	147	85	3.0	3.7	3.6
Va. fire-cured	9.5	6.5	7.1	75	109	4.8	1.8	4.3
Ky. & Tenn. "	52.6	28.8	23.4	44	81	33.1	16.8	11.8
One Sucker	.8	5.3	3.2	400	60	.4	4.5	1.1
Green River	3.1	2.9	1.0	32	34	2.2	2.5	.4
Black Fat, etc.	8.9	5.2	3.5	39	67	4.4	2.8	1.5
Cigar	1.4	19.7	9.4	671	48	.6	16.2	3.2
Perique	.1	1/	.1	100	---	.1	1/	1/
Stems, tr., and scrap	19.7	8.2	1.9	10	23	10.2	4.2	1.0
Total unmfd.	431.6	451.0	480.7	111	107	166.8	184.2	166.8
Country of destination								
United Kingdom	210.2	151.0	156.9	75	104	50.3	14.8	4.3
France	20.7	8.9	11.9	57	134	19.3	8.2	4.2
Belgium-Lux.	14.3	14.6	25.4	178	174	5.9	5.1	12.2
Netherlands	14.5	31.7	36.6	252	115	6.2	15.8	18.6
Germany	11.8	67.5	69.2	586	103	5.1	47.2	29.4
Portugal	4.8	9.2	10.1	210	110	2.5	5.8	4.8
Denmark	4.7	12.4	11.1	236	90	1.8	7.8	7.4
Ireland	7.2	18.8	21.3	296	113	2.4	8.8	4.8
Switzerland	3.8	12.0	12.1	318	101	1.8	4.4	5.9
Norway	5.0	9.9	7.6	152	77	2.1	2.8	3.0
Sweden	8.2	9.7	5.6	68	58	3.1	3.5	3.3
Italy	.9	4.0	2.6	289	65	.6	2.2	2.3
China	49.2	10.3	.1	2/	1	26.3	3.1	.1
Australia	19.1	16.6	17.3	91	104	10.3	9.8	7.6
India 3/	2.7	4.9	4.4	163	90	1.2	4.4	1.5
New Zealand	2.7	4.6	6.7	248	146	1.2	2.7	3.3
Philippine Rep.	1.2	.3	26.2	2/	2/	.6	.1	25.2
Other countries	50.6	64.6	55.6	110	86	26.1	37.7	28.9
Total	431.6	451.0	480.7	111	107	166.8	184.2	166.8

1/ Less than 50,000 pounds.
2/ Less than 1 percent or more than 999 percent not shown.
3/ Includes small quantities to Pakistan.

The 1949-50 tobacco exports by major foreign destinations, compared with those in 1948-49 and in the prewar period, present a mixed pattern. The United Kingdom, accounting for almost one-third of the total in 1949-50, got 4 percent more than a year earlier but still only three-fourths as much as in an average prewar year. In each of the last 2 years, Germany has been the second ranking outlet, taking slightly more in 1949-50 than in 1948-49 and nearly 6 times her average prewar amount. Netherlands, Belgium, Switzerland, Ireland, Portugal, and New Zealand took more in 1949-50 than in 1948-49 and also sharply increased amounts over prewar. Denmark, Norway, Italy, and India got less in 1949-50 than a year earlier but more than their prewar takings. France and Australia took more in the recent year, but France got only about one-half as much as her 1935-39 average. China took only negligible quantities in 1949-50 in striking contrast to the nearly 50 million pound average of 1935-39. United States tobacco exports to Sweden in 1949-50 were below those in 1948-49 and the prewar average. During the final quarter of 1949-50 (April-June), about 22 1/2 million pounds of United States tobacco were shipped to the Republic of the Philippines. The total for the year was more than 26 million pounds compared with less than one-half million pounds in 1948-49 and the prewar average of only around 1 million pounds. The sharp rise in leaf exports to the Philippines has been accompanied by a dreastic decline in the exports of United States manufactured cigarettes.

United States exports during the first half of 1950 were running below those of the first half of 1949. A sharp rise will occur during the second half as the 1950 flue-cured crop is marketed. The strong demand for flue-cured, as reflected by average prices thus far this season, will mean more costly tobacco to foreign buyers than last season. However, exports during 1950-51 seem likely to be near the 1949-50 level. The Economic Cooperation Administration will continue to be a major factor in assisting United States tobacco exports. Dollar reserves of some countries have improved. With substantially increased United States purchases of raw materials from abroad for stockpiling and defense industries, further improvement in the dollar exchange position of several countries is probable. Stocks of United States tobacco in a number of foreign countries are lower than last year and in most countries, considerably below prewar levels. In several countries, cigarette consumption continues to gain and those made with United States tobacco are favored.

During the past 2 1/3 years, the Economic Cooperation Administration, in its program to assist European recovery, has made funds available to several countries to enable them to purchase United States tobacco. Western European countries took from 70 to 80 percent of the tobacco exported from the United States in most years prior to World War II. As in the United States, the peoples of western Europe regard tobacco as an important item in their standard of living, although consumption per capita is considerably lower than in this country. Most of the western European countries are not able to grow any sizable proportion of their tobacco requirements because of unsuitable climate and soil. For some countries, imports of tobacco have been of major importance in overcoming and preventing the disruptive effects of black markets, especially in cigarettes. The governments of most western European countries derive very substantial revenues from tobacco.

Table 2.- Procurements authorized by ECA, European program: Tobacco compared with grand total and food and agricultural commodities by countries for specified periods

Country	April 1948-June 1949					July 1949-June 1950				
	Grand total 1/	Food and agricultural commodities	Tobacco	Tobacco as percent of: Grand total	Tobacco as percent of: Food and agricultural commodities	Grand total 1/	Food and agricultural commodities	Tobacco	Tobacco as percent of: Grand total	Tobacco as percent of: Food and agricultural commodities
	Mil.dol.	Mil.dol.	Mil.dol.	Percent	Percent	Mil.dol.	Mil.dol.	Mil.dol.	Percent	Percent
United Kingdom	1,613.6	844.7	55.7	3.5	6.6	948.5	455.7	100.2	10.6	22.0
France	1,313.2	375.8	7.2	.5	1.9	696.9	153.3	6.6	.9	4.3
Italy	667.3	290.8	1.8	.3	.6	390.8	134.7	1.6	.4	1.2
Germany	605.8	407.1	31.4	5.2	7.7	2/289.7	2/211.0	2/24.8	8.6	11.8
Netherlands	566.5	214.9	8.6	1.5	4.0	306.6	161.7	9.6	3.1	5.9
Belgium-Luxembourg	261.0	110.5	7.0	2.7	6.3	229.0	60.3	5.5	2.4	9.1
Austria	274.0	176.0	3.8	1.4	2.2	168.5	93.7	2.9	1.7	3.1
Denmark	126.0	58.7	9.1	7.2	15.5	82.8	33.8	5.5	6.6	16.3
Norway	100.5	46.5	6.2	6.2	13.3	95.0	41.0	4.9	5.2	12.0
Ireland	85.6	49.3	10.8	12.6	21.9	45.1	36.2	11.8	26.2	32.6
Subtotal	5,613.5	2,574.3	141.6	2.5	5.5	3,532.9	1,381.4	173.4	4.9	12.6
Other participating countries	295.8	118.0	---	---	---	339.2	112.8	---	---	---
All participating countries	5,909.3	2,692.3	141.6	2.4	5.3	3,592.1	1,494.2	173.4	4.8	11.6

1/ Includes food and agricultural commodities, industrial commodities, technical services, ship disbursements, and ocean freight.

2/ In addition, between December 22, 1949, and June 30, 1950, ECA approved authorizations for Government and Relief in Occupied areas (GARIOA) as follows in million dollars: grand total, 186.8; food and agricultural commodities, 174.8; and tobacco, 3.7.

Compiled and adapted from Procurement Authorizations, Economic Cooperation Administration. Authorizations include those for procurements from United States and all other countries.

In July and early August of the new fiscal year (1950-51), ECA approved 35.4 million dollars to be used for the procurement of about 62 million pounds of United States tobacco. Most of this was for flue-cured and was apportioned among the United Kingdom, Ireland, Belgium, and Austria. As the fiscal year progresses, additional authorizations for tobacco are expected. A purchase approval for tobacco under the ECA China program was issued for the first time in early August and amounted to about one-half million pounds of flue-cured.

During the fiscal year ending last June 30 (1949-50), the ECA authorized the procurement by participating countries of about 364 million pounds of United States tobacco costing around 177 million dollars. During the 1 1/4 years from April 1948 (beginning of ECA) to June 1949, about 137 million dollars for approximately 320 million pounds was authorized. Also, in this earlier period, about 4 3/4 million dollars was approved for tobacco purchases in Latin America by Netherlands and Germany. From the beginning of the program in April 1948 through June 30, 1950, the percentage distribution of ECA tobacco authorizations among the participating countries was as follows: United Kingdom, 48.9; Germany, 18.8; Ireland, 7.1; Netherlands, 5.7; Denmark, 4.6; France, 4.3; Belgium-Luxembourg, 3.9; Norway, 3.5; Austria, 2.1; and Italy, 1.1.

British Tobacco Situation

British home consumption of tobacco during the year ending June 30, 1950, approximated 212 million pounds compared with 211 million in 1948-49. Use of Commonwealth tobacco in the recent year made up about 36 percent of the total compared with 31 percent in 1948-49. In both years, a far larger proportion of British home tobacco consumption has been of Commonwealth origin than in prewar. The United Kingdom exports of manufactured tobacco in July 1949-June 1950 totaled 46.4 million pounds--slightly less than during the preceding year. Nearly 95 percent of the manufactured tobacco exports was in the form of cigarettes. British Malaya, Australia, British West Africa, Hong Kong, Germany, and the Belgian Congo are important overseas destinations for British cigarettes. Stocks of unmanufactured tobacco in the United Kingdom on May 30 totaled about 372 million pounds--nearly 34 million pounds above a year previous but still substantially less than the prewar average.

In 1949-50, the United Kingdom increased her imports of leaf tobacco 8.6 percent above the 1948-49 total. (See table 3.) Shipments from each of the major suppliers except Turkey and Greece increased above a year earlier. The sharpest rise over 1948-49 occurred in the tobacco imports from India. Imports from the United States gained 10 percent, but larger relative increases occurred in tobacco imports from each of the 4 major Commonwealth sources. Although the United States is still the largest single source of British tobacco imports by a wide margin, the share furnished by the United States has dropped sharply since prewar. The United Kingdom has fostered the expansion of tobacco production in Commonwealth areas by a preferential tariff for many years. The duty

In the year ending June 30, 1950, the United Kingdom imported nearly 9 percent more leaf tobacco than in 1948–49 and 12 percent more than the 1935–39 average. Ten percent more tobacco was brought in from the United States than a year earlier but only a little more than three-fourths as much as the 1935–39 average. British imports from the principal Commonwealth suppliers of Southern Rhodesia, India, Nyasaland, and Canada were one-fourth higher than a year earlier and more than double the prewar average. Although still far above the prewar average, the British tobacco imports from Turkey and Greece were sharply lower in 1949–50 than in 1948–49.

The principal reasons for the smaller United States share of the British market in recent years have been the tight dollar exchange situation and the expansion of tobacco production in Commonwealth areas. A preferential tariff in favor of Commonwealth areas has been in effect for years; and by agreement, British manufacturers now guarantee a market for two-thirds of the Southern Rhodesian production. Tobacco purchased by Britain from sources other than the United States and Canada can usually be bought with sterling.

preference is now relatively small because of the sharp rise in rates during and since World War II. Considerable impetus to expansion in Southern Rhodesia has been given by the agreement by which British manufacturers guarantee to take two-thirds of the production. Southern Rhodesia raised a record flue-cured crop of 106 1/2 million pounds in 1949-50, about one-fourth above the 1948-49 crop. Their auctions began the second week of April. For marketings through late June, sterling prices for Southern Rhodesian flue-cured averaged 12 1/2 percent above the comparable average of last season. At the present rate of exchange of British sterling, the average price this season through late June was equivalent to 45.2 cents per pound.

Table 3.- Unmanufactured tobacco imports into the United Kingdom from major sources, average 1935-39, annual 1948-50

Year ending June 30	United States	Southern Rhodesia	India	Canada	Nyasaland	Turkey	Greece	Other	Total
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb
1935-39 average	210.6	15.9	18.1	12.3	12.5	.6	.6	4.5	275.1
1948	130.7	31.9	21.8	13.1	14.1	1.2	1/	2.7	215.5
1949	147.5	40.0	32.5	13.0	14.6	25.4	5.6	6.0	284.0
1950 2/	162.3	47.5	46.5	15.0	16.4	13.8	1.3	6.4	309.2
	Percentage change								
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1935-39 average to 1950	-22.9	+198.7	+156.9	+22.0	+31.2	+2,200.0	+116.7	+42.2	+12.4
1949 to 1950	+10.0	+18.8	+43.1	+15.4	+12.3	-45.7	-76.8	+6.7	+8.6
	Percentage distribution								
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1935-39 average	76.6	5.8	6.6	4.5	4.5	.2	.2	1.6	100.0
1948	60.6	14.8	10.1	6.1	6.5	.6	---	1.3	100.0
1949	51.8	14.1	11.4	4.6	5.1	8.9	2.0	2.1	100.0
1950	52.5	15.4	15.0	4.8	5.3	4.5	.4	2.1	100.0

1/ Less than 100,000 pounds.
2/ Preliminary.

IMPORTS AND SHIPMENTS 2/

In the year ending June 30, 1950, United States imports of tobacco for consumption totaled nearly 87 million pounds--slightly less than in the preceding fiscal year but 29 percent above the prewar average. (See table 4.) The largest quantity was cigarette leaf from Turkey, which in the past year continued to come in at more than double the prewar rate. Cigarette leaf from Greece has averaged only about one-half the prewar rate. Quantities from other suppliers of cigarette leaf were below those of a year earlier but still substantially above prewar. United States stocks of foreign grown cigarette and smoking tobacco at about 148 million pounds (unstemmed equivalent) on July 1, 1950, were practically the same as a year earlier but well above prewar.

The 1949-50 imports of stemmed cigar filler, almost entirely from Cuba, were nearly the same as in the preceding year; but imports of unstemmed cigar filler and scrap, also mostly from Cuba, increased about 11 and 14 percent, respectively. Cigar wrapper imports, though slightly more than a year ago have continued at less than one-half the prewar average. Stocks of Cuban tobacco in the United States on July 1 were about one-fourth below a year earlier.

Shipments of Puerto Rican tobacco to the United States in the recent fiscal year were considerably above 1948-49 but still smaller than the prewar average.

United States imports of tobacco for consumption have fluctuated considerably over the past quarter-century. (See table 5.) During the late Twenties, the total was at a high level but fell off sharply in the early Thirties. During the late Thirties, this country's tobacco imports rose and were well maintained throughout World War II. Since the war, they have again risen and for 1947-49, were 23 percent above the 1935-39 average and also above the high level of the late Twenties.

In 1948 and 1949, cigarette leaf imports made up nearly 75 percent of total tobacco imports compared with 55 percent in the 1926-29 period. Imports of cigar filler tobacco including scrap in 1948 and 1949 were considerably lower than in each of the preceding 4 years and comprised only about one-fifth of total tobacco imports. In the late Twenties, cigar filler and scrap tobacco accounted for more than one-third of the total tobacco imports. After 1930, cigar wrapper imports dropped sharply below the 6 to 7 million pound level of the preceding period.

The total value of tobacco imports in each year since the war has usually been more than double the 1935-39 average. Since volume only increased about one-fourth, the increase in total value since prewar reflects mostly the increased prices. The 1949 value per pound for cigarette leaf was down 10 percent from 1948 but 75 percent above the 1935-39 average. The 1949 value per pound of cigar filler and scrap combined was down 9 percent from 1948 but 150 percent above the 1935-39 average. The declared value per pound for wrapper was higher in 1949 than in 1948 and was more than double the prewar average.

2/ Imports of tobacco from foreign countries and shipments of the Territory of Puerto Rico to the United States are on a declared-weight basis.

Table 4.- United States imports for consumption of unmanufactured tobacco, from principal supplying countries and shipments from Puerto Rico, for specified periods

(declared weight)

Classification and country of origin	Fiscal year			1950 as a percentage of		January-June		
	1935-39 average	1949 1/	1950 1/	1935-39 average	1949	1935-39 average	1949 1/	1950 1/
	Mil.lb.	Mil.lb.	Mil.lb.	Percent	Percent	Mil.lb.	Mil.lb.	Mil.lb.
Total imports 2/	67.2	88.5	86.8	129	98	33.8	45.8	44.7
Cigarette leaf								
Unstemmed	45.4	65.7	64.4	142	98	22.8	33.3	33.6
Turkey	19.3	45.6	46.1	239	101	9.6	23.1	24.1
Greece	19.0	9.6	9.3	49	97	9.7	5.2	4.7
Syria	.7	4.5	3.4	486	76	.4	2.1	1.7
Bulgaria	.9	1.7	1.5	167	88	.6	.7	.7
U.S.S.R.	.2	2.0	1.8	900	90	.2	1.0	1.0
So. Rhodesia	.0	1.4	1.3	---	93	.0	.7	.7
Yugoslavia	.0	.5	.3	---	60	.0	.3	.2
Cigar leaf (filler)								
Stemmed	7.3	11.5	11.4	156	99	3.4	5.8	5.5
Cuba	7.2	11.5	11.3	157	98	3.4	5.8	5.4
Unstemmed	3.9	3.6	4.0	103	111	1.9	1.9	1.8
Cuba	3.9	3.6	4.0	103	111	1.8	1.9	1.8
Scrap	5.9	4.9	5.6	95	114	3.3	2.6	2.9
Cuba	2.9	4.5	5.4	186	120	1.5	2.3	2.7
Philippines	3.0	.4	.2	7	50	1.8	.3	.2
Cigar wrapper	2.1	.8	.9	43	112	.9	.4	.5
Indonesia 3/	1.9	.6	.6	32	100	.8	.3	.3
Cuba	.2	.2	.3	150	150	.1	.1	.2
Total from Cuba	14.2	19.8	21.0	148	106	6.8	10.1	10.1
Shipments from Puerto Rico								
Total	22.2	14.1	19.0	86	135	8.1	6.3	7.4
Stemmed	17.1	7.9	11.2	65	142	6.3	3.9	5.0
Unstemmed	.2	.2	4/	---	---	4/	.2	4/
Scrap	4.9	6.0	7.7	157	128	1.8	2.2	2.4

1/ Preliminary.
2/ Includes tobacco stems, not cut, ground, or pulverized, not shown separately.
3/ Formerly shown as originating in Netherlands Indies or Netherlands.
4/ Less than 50,000 pounds.

Compiled from publications and records of Department of Commerce.

Table 5.- Imports for consumption of tobacco into the United States, annual 1926-49

(declared weight)

Year	Cigarette leaf	Cigar filler and scrap 1/	Cigar wrapper	Stems	Total 2/	Cigarette leaf	Cigar filler and scrap 1/	Cigar wrapper	Stems	Total 2/
	Quantity					Value				
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
1926	40.1	25.0	6.2	1.8	73.1	29.3	23.6	14.1	3/	67.0
1927	44.2	27.0	6.3	1.5	79.0	29.1	21.8	13.9	3/	64.8
1928	45.0	28.2	6.1	2.0	81.3	25.2	21.0	13.0	.1	59.3
1929	46.0	27.9	5.9	2.2	82.1	25.9	19.8	11.5	.1	57.2
1930	45.2	25.2	7.3	2.5	80.3	25.4	16.4	12.3	.1	54.1
1931	43.2	18.5	5.2	3.0	69.8	22.8	12.3	6.4	.1	41.6
1932	36.2	14.1	2.0	2.1	54.5	15.8	8.2	2.7	.1	26.9
1933	33.4	13.7	2.2	2.2	51.5	13.4	7.4	3.5	.1	24.4
1934	38.4	15.4	2.1	2.0	57.9	13.3	7.6	4.3	.1	25.3
1935	39.5	19.8	2.0	2.0	63.3	12.1	9.4	4.2	.1	25.8
1936	46.5	15.9	3.0	2.1	67.5	15.3	7.9	6.6	.1	29.9
1937	48.0	19.0	1.7	3.0	71.7	20.0	8.5	3.3	.1	31.9
1938	49.5	17.1	1.7	3.1	71.4	24.7	7.8	3.5	.1	36.0
1939	49.6	27.3	2.2	3.4	82.4	24.3	8.9	3.7	.1	36.9
1940	51.0	21.2	2.2	1.7	76.1	24.1	9.1	3.4	.1	36.7
1941	51.4	21.3	2.5	.4	75.7	24.6	9.5	3.8	3/	37.9
1942	49.1	18.4	2.8	.3	70.5	21.8	10.4	4.8	3/	37.0
1943	46.0	22.8	2.6	.7	72.1	22.8	14.5	4.6	3/	41.9
1944	44.6	25.7	2.1	.3	72.7	34.0	22.2	4.2	3/	60.3
1945	50.3	23.8	1.6	.2	76.0	43.7	27.9	3.8	3/	75.4
1946	55.1	25.3	1.2	.4	82.1	50.0	32.1	3.8	3/	85.9
1947	58.8	29.6	1.4	.6	90.4	52.2	34.2	4.3	3/	90.7
1948 4/	64.1	18.6	1.1	.5	84.3	51.4	22.2	4.0	3/	77.6
1949 4/	64.1	21.1	.8	1.9	87.9	46.5	22.9	3.8	3/	73.2

1/ Cigar filler and scrap shown as combined total since substantial imported scrap is used as cigar filler.

2/ Details may not add to totals because of rounding.

3/ Less than $50,000.

4/ Preliminary.

Compiled from publications and records of Department of Commerce.

FLUE-CURED, TYPES 11-14

Production and Carry-over

The indicated acreage of flue-cured is 954,400--about 2 percent above the 1949 harvested acreage. Growers have planted close to their full allotments, which total slightly higher than in 1949. Most of the increase over last year's acreage occurred in the type 11 (Virginia-North Carolina) and in type 14 (Georgia). Production, according to August 1 indications, will be 1,146 million pounds--almost 3 percent above last year. Average yields per acre for flue-cured as a whole, appear to be slightly more than a year ago. Although they are lower in the more southern areas, they are either higher or relatively close to last year in the more northern flue-cured areas. Yields per acre of flue-cured are substantially above prewar and have been in each of the past 4 years.

Carry-over of flue-cured on July 1, the beginning of the 1950-51 marketing year, was about 1,485 million pounds compared with 1,538 million in July 1949. Larger exports were a major factor in reducing stocks below a year ago. Total supplies for 1950-51--carry-over plus production--approximate 2,631 million pounds--almost as high as the record 1949-50 level.

Domestic Use and Exports

Total disappearance of flue-cured during the year ending June 30, 1950, was 1,168 million pounds, 6 percent higher than in 1948-49 and the second highest on record. A rise in exports together with a small increase in domestic use were responsible for the larger than last year's total disappearance. Domestic use in 1949-50 was close to 723 million pounds compared with 715 million in 1948-49--the previous high point.

Table 6.- Flue-cured tobacco, types 11-14: Domestic supplies, disappearance, and season average price, average 1934-38 annual 1939-50

(farm-sales weight)

Year	Production	Stocks July 1	Supply	Disappearance 1/ Total	Domestic 2/	Exports 2/	Average price per pound
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Cents
Av. 1934-38	741	845	1,586	704	338	366	22.9
1939	1,171	946	2,117	707	417	290	14.9
1940	760	1,410	2,170	577	421	156	16.4
1941	650	1,593	2,243	783	492	291	28.1
1942	812	1,460	2,272	893	604	289	38.4
1943	790	1,379	2,169	980	625	355	40.2
1944	1,087	1,189	2,276	1,150	696	454	42.4
1945	1,173	1,126	2,299	1,152	665	487	43.6
1946	1,352	1,147	2,499	1,212	660	552	48.3
1947	1,317	1,287	2,604	1,054	695	359	41.2
1948	1,090	1,550	2,640	1,102	715	387	49.6
1949 2/	1,115	1,538	2,653	1,168	723	445	47.2
1950 2/	1,146	1,485	2,631				

1/ Year beginning July 1. 2/ Subject to revision.

Almost two-fifths of all flue-cured disappearance in 1949-50 was accounted for by exports. Flue-cured leaf exports totaled about 445 million pounds (farm-sales weight)--the highest in 3 years and more than one-fifth above the 1934-38 average. Shipments to the United Kingdom were up 4 percent and made up 40 percent of the total compared with 44 percent in 1948-49. Prior to the war, the United Kingdom got over 60 percent of total United States flue-cured exports. German takings in 1949-50 increased about one-fourth over 1948-49. In the past 2 years, Germany has been the second largest foreign outlet for flue-cured. The next ranking takers were the Netherlands, the Philippine Republic, Ireland, Belgium, and Australia. Netherlands got over 50 percent more in 1949-50 than in 1948-49 and Ireland's takings increased 17 percent; Belgium almost doubled her 1948-49 imports. The Philippine Republic took a very substantial quantity in contrast to small amounts in previous years. Australian takings were up slightly. Other foreign destinations that took larger quantities in the recent year compared to 1948-49 are Switzerland, New Zealand, Hong Kong, Egypt, Siam, and French Indo-China. Shipments of flue-cured to Sweden, Norway, Portugal, Finland, India, and Indonesia were smaller in 1949-50 than in 1948-49. Those to Denmark and Austria were about the same. China got only negligible quantities compared with about 6 million pounds in 1948-49. For many years, China was the second ranking export outlet for flue-cured.

Flue-cured leaf is important in tobacco manufacturing and consumption in western European countries. During the recent fiscal year, ECA approved the purchase of about 330 million pounds (farm-sales weight) of flue-cured tobacco in this country. Part of this will be tabulated as 1950-51 exports because shipments lag behind authorizations. In July 1950, ECA approved flue-cured procurement authorizations totaling around 33 million dollars for approximately 63 million pounds (farm-sales weight). These authorizations were for the United Kingdom, Ireland, Belgium, and Austria.

It appears likely that total disappearance in 1950-51 may be above that of 1949-50. Cigarette consumption in this country will probably top the high of fiscal 1949-50, and this is the major domestic outlet for flue-cured. Foreign demand for flue-cured is strong and 1950-51 exports may be almost as large as in 1949-50 if international developments do not interfere. The consumption trend for tobacco abroad continues to be towards cigarettes with many preferring those using United States tobacco.

1950 Prices Higher

Auctions for the 1950 flue-cured crop began on July 24 in the Georgia and Florida markets and the strong demand lifted prices above those of last season. Approximately 135 million pounds (including resales) were sold on type 14 markets through August 18. Prices averaged 48.6 cents per pound or about one-fifth above the 1949 season average of 40.3 cents per pound for this type. Less type 14 flue-cured was sold this year than last because of the lower production. Per acre yields in the Georgia-Florida belt will probably average the smallest for any of the past 5 years.

Auction markets for type 13, South Carolina and border North Carolina, opened August 1. Prices through August 18 for gross sales of 81 million pounds averaged 56.2 cents per pound or 11 percent above the average for the same period last season when marketings were larger. For the season as a whole, type 13 averaged 49.2 cents per pound.

Auctions markets for type 12, Eastern North Carolina open August 18. The type 11(b), Middle Belt, auctions begin in late August and those in the Old Belt, type 11(a), begin September 11.

The active buying apparent on the markets thus far is expected to continue throughout the selling season and prices on all flue-cured belts are likely to average higher than last season. For all flue-cured combined, the 1950 season average will probably top the previous record of 49.6 cents per pound for the 1948 season.

Average prices have been generally above the 1950 loan level of 45.0 cents per pound. The June 15 parity for flue-cured is 50.0 cents per pound and 90 percent of this is the mandatory loan level applicable to the 1950 crop. The 45-cent loan level is 6 percent higher than in 1949, when it was 42 1/2 cents per pound. Most of the increase in flue-cured parity between June 15, 1949, and June 15, 1950, is the result of the change in the parity formula prescribed by Agricultural Acts of 1948 and 1949.

Quantities of flue-cured placed under loan by farmers for the season through mid-August approximated 8 million pounds or around 4 percent of deliveries. This was much less than in the same period last season. Total receipts for loans by the Flue-Cured Stabilization Corporation during 1949 were 103 1/2 million pounds--about 9 percent of the crop. Of the 508 million pounds (farm-sales weight equivalent) of flue-cured placed under loan in the previous 4 seasons (1946-49), only about 77 million pounds (farm-sales weight) remained under loan as of July 1, 1950. Substantial quantities from loan stocks have been moving into trade channels since July 1.

BURLEY, TYPE 31

Production and Carry-Over

Burley acreage is indicated at 408,400--10 percent less than in 1949. The reduction is mainly due to smaller acreage allotments than last year. Growers have planted close to their full allotments. This year's production according to August indications, will be 500 million pounds--about 60 million less than in 1949. Yields per acre are expected to average slightly lower than last year for Burley as a whole. Those in Kentucky, where most Burley is produced, were indicated a little lower; but those in Tennessee, Virginia, and North Carolina seem likely to be higher than last year.

Stocks of Burley are large because the 1948 and 1949 crops were substantially in excess of disappearance. Carry-over on October 1, 1950, the beginning of the marketing year, seems likely to be around 1 billion pounds--nearly 3 percent above last October's record level. The prospective 1950-51 total supply--production plus carry-over--is 1,500 million pounds--2 percent less than the record 1,534 million pounds of 1949-50, but still the second highest in history.

Table 7.- Burley tobacco, type 31: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-50

(farm-sales weight)

Year	Production	Stocks Oct. 1	Supply	Disappearance 1/ Total	Disappearance 1/ Domestic 2/	Disappearance 1/ Exports 2/	Average price per pound
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Cents
Av. 1934-38	287	701	988	314	302	12	22.2
1939	395	684	1,079	317	305	12	17.3
1940	377	762	1,139	341	335	6	16.2
1941	337	798	1,135	380	374	6	29.2
1942	344	755	1,099	413	407	6	41.8
1943	392	686	1,078	427	418	9	45.6
1944	591	651	1,242	483	474	9	44.0
1945	577	759	1,336	483	448	35	39.4
1946	614	853	1,467	526	476	50	39.7
1947	485	941	1,426	524	496	28	48.5
1948	603	902	1,505	531	489	42	46.0
1949 2/	560	974	1,534	3/534	3/494	3/40	45.2
1950 2/	500	3/1,000	3/1,500				

1/ Year beginning October 1.
2/ Subject to revision.
3/ Preliminary estimate.

Domestic Use and Exports

Total disappearance of Burley during the year ending September 30 is estimated at 535 million pounds or slightly more than in 1948-49. The great bulk of Burley is used in this country; and for 1949-50, this is expected to be around 495 million pounds. Cigarette manufacture for domestic use and exports in the first 9 months of the marketing year (October 1949-June 1950) was slightly less than in the same period a year earlier, but in the recent six months the U. S. consumption rate was higher than during January-June 1949. Output of smoking tobacco (October 1949-May 1950) was above the same months a year earlier, but manufacture of chewing tobacco was moderately lower.

Burley exports during the current marketing year may reach 40 million pounds (farm-sales weight) compared with 42 million in 1948-49. In the first 9 months of the 1949-50 marketing year, Burley exports totaled about 27 million pounds (farm-sales weight)--slightly less than in the same months last season. Smaller shipments went to Germany, Norway, Denmark, Mexico, and Egypt in October 1949-June 1950 than in the same period of 1948-49. However, Portugal, the Netherlands, Belgium, Sweden, the United Kingdom, Switzerland, and Austria got larger quantities. Through

June 30 of the 1949-50 marketing year, Germany, Portugal, Belgium, and the Netherlands were the top ranking Burley outlets. A considerable volume of Burley for Germany, authorized by ECA in late June, will probably be shipped by the end of the 1949-50 marketing year.

In the 1950 fiscal year, ECA approved the purchase of about 32 million pounds (farm-sales weight) of Burley by participating countries. The countries receiving ECA grants for Burley tobacco ranked according to quantity authorized are Germany, the Netherlands, Belgium, Austria, Denmark, Norway, France (including French North Africa), and the United Kingdom.

It seems likely that the total disappearance of Burley in 1950-51 may exceed that of 1949-50. The strong consumer demand for cigarettes probably will require a little more Burley for cigarette manufacture. The use of chewing tobacco may gain some, where employment is stepped up in occupations in which smoking is prohibited. Exports of Burley during 1950-51 are expected to be near the level of 1949-50 if international developments do not interfere.

1950 Price Support to be Above Last Season

The price support for the 1950 Burley crop will be above last season's. On July 15, the Burley parity was 50.2 cents per pound. The 1950 loan level for Burley tobacco will be calculated at 90 percent of its September 15 parity, which may be a little higher than its July 15 parity. Ninety percent of the July 15 parity is 45.2 cents per pound or 12 percent above last season's loan level of 40.3 cents per pound. Most of the increase in Burley parity between September 1949 and July 1950 is the result of the change in the parity formula prescribed by legislation.

Last season, Burley prices averaged 45.2 cents per pound--slightly below the 1948 crop average of 46.0 cents. Growers placed about 39 million pounds (farm-sales weight) under Government loan. Of the 321 million pounds received under Government loan in the past 4 seasons (1946-49), about 143 million pounds (farm-sales-weight equivalent) remained on July 1, 1950.

MARYLAND, TYPE 32

Production and Carry-over

The 1950 acreage indication for Maryland tobacco (type 32) is about 49,000--2 percent less than in 1949 when acreage equaled the 1946 record. There are no Government acreage allotments on the 1950 Maryland crop.

The August 1 indication for Maryland tobacco production was for nearly 37 million pounds--about 10 percent below the 1949 crop. The average yield per acre may run 9 percent below last year and be the smallest in 5 years.

Carry-over of Maryland tobacco on October 1, 1950, seems likely to be over 58 million pounds, about 7 percent higher than last October. This would be the largest October stocks on record. The prospective 1950-51 total supply--carry-over plus production--may top the record 95 million pounds in 1949-50.

Table 8.- Maryland tobacco, type 32: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-50

(farm-sales weight)

Year	Production	Stocks Oct. 1	Supply	Disappearance 1/ Total	Domestic 2/	Exports 2/	Average price per pound
	Mil. lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Cents
Av. 1934-38	27.5	41.3	68.8	26.5	21.1	5.4	19.7
1939	32.8	41.4	74.2	26.5	22.6	3.9	21.1
1940	32.6	47.7	80.3	28.5	25.9	2.6	33.0
1941	31.2	51.8	83.0	27.2	26.1	1.1	30.1
1942	28.1	55.8	83.9	34.4	32.2	2.2	56.5
1943	20.8	49.5	70.3	25.1	23.8	1.3	45.3
1944	38.2	45.2	83.4	31.2	28.8	2.4	55.5
1945	18.4	52.2	70.6	30.3	24.2	6.1	57.0
1946	46.2	40.3	86.5	34.0	28.3	5.7	44.5
1947	37.8	52.5	90.3	34.3	26.0	7.3	42.8
1948	35.0	56.0	91.0	37.0	27.7	9.3	54.4
1949 2/	41.0	54.0	95.0	3/37.0	3/29.0	3/8.0	4/47.5
1950 2/	36.8	3/58.0	3/94.8				

1/ Year beginning October 1. 2/ Subject to revision. 3/ Preliminary estimate. 4/ Auction market average.

Domestic Use and Exports

Total disappearance of Maryland tobacco during the year ending September 30 is estimated at 37 million pounds--equal to the 1948-49 record. The major domestic outlet is in cigarettes, which are being consumed in this country at a record rate. It is probable that total domestic use of Maryland tobacco in 1949-50 will be close to 29 million pounds and may be a record.

Exports of Maryland for 1949-50 seem likely to be around 8 million pounds (farm-sales weight) compared with the postwar high of over 9 million in 1948-49. During the first three-fourths of the marketing year. (October 1949-June 1950), Maryland tobacco exports were 16 percent less than in the comparable period of 1948-49. Switzerland, the principal foreign outlet, took 18 percent less. In 1948-49, Switzerland got 75 percent of all exports of Maryland tobacco. During the recent 9 months, the Swiss proportion dropped to 69 percent. Germany, the second ranking

foreign outlet last year, has taken comparatively little in recent months. The Netherlands and United Kingdom increased their takings over a year ago but Belgium took less. The Philippine Republic took almost a quarter of a million pounds in contrast to none in 1948-49. More went to France, Tunisia, and Algeria but less went to French Morocco.

During 1950-51, total disappearance of Maryland tobacco is likely to be at least as high as in the current year since consumption of cigarettes, the major outlet, may exceed the level of the current year.

1949 Crop Prices Below 1948;
Parity Higher in 1950

The auction markets for 1949 Maryland tobacco opened on May 2 and closed on August 10. The season's auction sales of about 35-3/4 million pounds brought an average of 47.5 cents per pound--12 percent less than the 54.1 cent average for auction sales last season. An additional 5-1/2 million pounds went to the Baltimore hogshead market. The average price for the 1948 crop sold last year was the third highest on record. Average weekly prices during the recent season showed little fluctuation but moved gradually downward toward the end of the marketing season. The support price at 41.8 cents per pound (90 percent of the September 15, 1949, parity) was 5 percent less than for the 1948 crop.

Parity prices for Maryland tobacco will be higher than those of 1949 as the result of changes in the parity formula prescribed in the Agricultural Acts of 1948 and 1949. The July 15, 1950, Maryland parity is 55.8 cents per pound or 8.4 cents higher than the July 15, 1949, parity as calculated under the old formula. The 1950 crop support level will be set at from 75 to 90 percent of parity as determined in accordance with the legislation. On June 27, the Production and Marketing Administration announced that based on estimates at that time, the support level for the 1950 Maryland crop would be 86 percent of parity but that the final support level would be determined as of October 1, 1950. If the parity index rises between July 15 and September 15, the parity for Maryland tobacco will show a similar percentage rise above 55.8 cents.

Maryland tobacco was first received for Government loans during 1949, when the 1948 crop was being marketed. During 1950, growers again placed some Maryland tobacco under Government loans. Approximately 3 million pounds of the 1948 crop went under loan. As of July 1, Government loan stocks of 1948 Maryland tobacco totaled around 2 million pounds (farm-sales-weight equivalent). About 2.6 million pounds of the 1949 crop was placed under loan.

FIRE-CURED, TYPES 21-24

Production and Carry-Over

The indicated acreage of fire-cured is 53,700, 11 percent less than a year ago and 60 percent below the prewar average. The reduction from last year reflects the cut in acreage allotments. The acreage of Kentucky and Tennessee (types 22-23) dropped 12 percent below last year and Virginia (type 21) acreage was down 6-1/2 percent.

The August 1 prospects were for about 63 million pound crop--13 percent below the 1949 production. Indicated yields per acre were a little less in the areas growing types 21 and 22 but seemed to be about even with last year in the type 23 area. Except for 1945, this year's fire-cured production is likely to be the smallest on record.

Carry-over of fire-cured on October 1 is expected to be near 159 million pounds--slightly above that of the same date a year earlier. Total supplies of 1950-51--production plus carry-over--will be around 223 million pounds--3 percent smaller than the 1949-50 supplies of fire-cured. However, this will be more than ample to meet anticipated requirements.

Domestic Use and Exports

Total disappearance of fire-cured in the year ending September 30, 1950, is estimated at 70 million pounds compared with almost 79 million pounds in 1948-49. Domestic use, mostly for snuff, is expected to total about 35 million pounds, about the same as last year. During the first three-fourths of the marketing year (October 1949-June 1950), output of snuff has been practically the same as in the same months a year earlier.

Table 9.- Fire-cured tobacco, types 21-24: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-50

(farm-sales weight)

Year	Production	Stocks Oct. 1	Supply	Disappearance 1/ Total	Disappearance 1/ Domestic 2/	Disappearance 1/ Exports 2/	Average price per pound
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Cents
Av. 1934-38	110.2	194.2	304.4	123.0	53.2	69.8	10.2
1939	99.4	136.2	235.6	94.0	55.1	38.9	10.6
1940	106.5	141.6	248.1	64.2	45.6	18.6	9.5
1941	69.7	183.9	253.6	69.0	51.5	17.5	14.1
1942	71.5	184.6	256.1	76.3	60.7	15.6	17.1
1943	64.9	179.8	244.7	71.2	53.4	17.8	23.4
1944	66.1	173.5	239.6	107.8	44.0	63.8	24.5
1945	58.3	131.8	190.1	85.2	37.6	47.6	31.5
1946	108.9	104.9	213.8	70.4	36.0	34.4	26.0
1947	85.8	143.4	229.2	66.6	36.3	30.3	29.5
1948	73.2	162.6	235.8	78.6	35.4	43.2	31.9
1949 2/	72.1	157.2	229.3	3/ 70.0	3/35.0	3/35.0	29.8
1950 2/	63.3	3/159.3	3/222.6				

1/ Year beginning October 1.
2/ Subject to revision.
3/ Preliminary estimate.

Fire-cured exports for the year ending September 30 also may reach 35 million pounds compared with 43 million in 1948-49. Last year's fire-cured exports were heavier mainly because of the Government export subsidy program then in effect. During October 1949-June 1950, exports of Kentucky-Tennessee fire-cured to France, usually a major foreign outlet, were well below the same months a year earlier. Comparing the same two periods, exports of both Kentucky-Tennessee and Virginia fire-cured to Netherlands, Sweden, and Germany, all sizable foreign outlets for these types, were smaller in the more recent period. Switzerland also got considerably less Kentucky-Tennessee fire-cured but a little more Virginia fire-cured. The Philippine Republic got a substantial quantity of Virginia fire-cured in contrast to none in the same months a year earlier. The United Kingdom increased its takings of Virginia fire-cured as did Australia. The United Kingdom took a little less Kentucky-Tennessee fire-cured in the recent period. Denmark though taking less Kentucky-Tennessee fire-cured, took considerably more of the Virginia type. Italy, Portugal, Egypt, and French North Africa increased their takings of Kentucky-Tennessee fire-cured above those in the comparable 9 months in 1948-49. In summary, total exports of Kentucky-Tennessee fire-cured during the first three-fourths of the present marketing year were running about 37 percent less than in the comparable period of 1948-49 but those of Virginia fire-cured were nearly one-third more.

In 1950-51, domestic use of fire-cured may increase slightly if snuff consumption gains with the stepped up rate of defense activity. Exports are not expected to be much different than in the current year.

1950 Price Support to be Higher

The price support for fire-cured is related to the Burley loan level, which will be higher for the 1950 crop than it was for the 1949 crop. The fire-cured loan level is computed at 75 percent of the Burley price support, which, in turn, is based on 90 percent of its September parity. Ninety percent of the July 15 parity for Burley is 45.2 cents per pound and 75 percent of this is 33.9 cents per pound. If the parity index rises further between July and September, the loan level for fire-cured would be proportionately higher than 33.9 cents. The loan level applicable to the 1949 fire-cured crop was 30.2 cents per pound. All types of fire-cured combined had a price average of 29.8 cents for the 1949 crop. While Virginia fire-cured averaged a record 33.3 cents per pound, the Kentucky-Tennessee types 22 and 23 at 30.6 and 25.1 cents per pound, respectively, were below their 1948 averages. Type 23 was below average quality last season.

The fire-cured tobacco placed under Government loan last season totaled 18.8 million pounds (farm-sales weight)--about one-fourth of the crop. Of the 119 million pounds of fire-cured received under Government loan in the past 4 seasons (1946-49), around 78 million pounds (farm-sales-weight equivalent) remained on July 1, 1950.

DARK AIR-CURED, TYPES 35-37

Production and Carry-Over

The indicated acreage of the dark air-cured tobacco types combined is about 29,300--almost 9 percent below the 1949 harvested acreage. Acreage allotments are smaller than last year. One Sucker (type 35) grown in Kentucky-Tennessee and Virginia sun-cured (type 37) appear to be down relatively more than Green River (type 36) grown only in Kentucky. Per acre yields of types 35-36, according to August indications, are expected to be a little larger than last year but for type 37, may average nearly the same. The August 1 indicated production was about 34 million pounds--5 percent less than the 1949 crop. This year's production of dark air-cured will be the smallest since 1943.

Carry-over of dark air-cured tobacco on October 1, 1950 (beginning of the 1950-51 marketing year), will probably be near 80 million pounds--about 8 percent above stocks at the outset of 1949-50 and also the largest for any October since 1932. The probable 1950-51 total supply--production plus carry-over--is around 114 million pounds or 2 percent more than for 1949-50. Supplies of dark air-cured are the highest since the early Thirties and appear to be excessive in relation to anticipated requirements.

Table 10.- Dark air-cured tobacco, types 35-37: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-50.

(farm-sales weight)

Year	Production	Stocks Oct. 1	Supply	Disappearance 1/ Total	Disappearance 1/ Domestic 2/	Disappearance 1/ Exports 2/	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Average: 1934-38	35.5	62.8	98.3	39.0	27.0	12.0	9.4
1939	44.2	56.1	100.3	34.7	27.3	7.4	7.3
1940	42.5	65.6	108.1	33.7	29.0	4.7	7.7
1941	31.5	74.4	105.9	41.9	38.9	3.0	12.0
1942	35.2	64.0	99.2	33.9	29.8	4.1	15.2
1943	30.0	65.3	95.3	37.6	34.4	3.2	27.2
1944	44.9	57.7	102.6	42.2	35.9	6.3	23.3
1945	43.6	60.4	104.0	43.6	30.5	13.1	25.2
1946	49.6	60.4	110.0	37.3	29.7	7.6	22.5
1947	37.2	72.7	109.9	32.7	26.3	6.4	25.8
1948	34.8	77.2	112.0	37.9	23.1	14.8	28.7
1949 2/	35.9	74.1	110.0	3/30.0	3/22.0	3/8.0	28.2
1950 2/	34.2	3/80.0	3/114.2				

1/ Year beginning October 1.
2/ Subject to revision.
3/ Preliminary estimate.

Domestic Use and Exports

During the current marketing year, October 1949-September 1950, total disappearance of dark air-cured tobacco is estimated at 30 million pounds—about one-fifth less than in 1948-49. The main domestic outlet is in chewing tobacco, which will account for most of the estimated 22 million pounds of dark air-cured used domestically during the current marketing year. During October 1949-June 1950 (three-fourths of the 1949-50 marketing year), the manufacture of chewing tobacco (except scrap chewing) was about 8 percent less than in the comparable period of 1948-49.

Exports of dark air-cured are partly as leaf and partly as Black Fat—a semiprocessed product. The total 1949-50 exports of dark air-cured seem likely to be around 8 million pounds (farm-sales weight)—down sharply from the nearly 15 million pounds for the preceding year. In 1948-49, the exports of dark air-cured were boosted by the Government export subsidy program then in effect. During October 1949-June 1950, exports of One Sucker and Green River leaf tobacco and Black Fat were far less than in the same period of 1948-49. France got sizable quantities of One Sucker and Green River in 1948-49 but none during the first three-fourths of the current marketing year. The Netherlands also has taken only a negligible quantity of One Sucker in the recent period although a sizable purchase of dark air-cured was approved for the Netherlands by ECA during February. During the first half of 1950, smaller quantities were also authorized by ECA for Norway and the United Kingdom. Other countries taking less One Sucker than a year earlier are French Morocco, Algeria, and Liberia. The largest quantity of One Sucker shipped during October 1949-June 1950 went to Nigeria and was 58 percent more than in the same months of 1948-49. Belgium and Tunisia also got more. Green River leaf exports were smaller to the United Kingdom but higher to Belgium and Liberia. No Green River had gone to the Netherlands and Germany by June 30 although both got some in October 1948-June 1949. Exports of Black Fat to all its usual main foreign outlets were less in October 1949-June 1950 than in the same months of 1948-49. These include Nigeria, the Gold Coast, French West Africa, French Equatorial Africa, and Western Portuguese Africa. An increase did occur in the case of Cameroon

1950 Price Support to be Higher

The price support for dark air-cured tobacco is related to the Burley loan level, which will be higher than it was for the 1949 crop. The dark air-cured loan level is computed at 66-2/3 percent of the Burley price support, which, in turn, is based on 90 percent of its September parity. Ninety percent of the July parity for Burley is 45.2 cents per pound and 66-2/3 of this is 30.1 cents per pound. If the parity index rises further between July and September, the loan level for dark air-cured also would be proportionately higher than the 30.1 cents. The loan

level applicable to the 1949 crop was 26.9 cents per pound. All types of dark air-cured combined averaged 28.2 cents per pound for the 1949 crop--slightly less than in the 1948 season. Types 35 and 36 were close together, averaging 27.9 and 27.8 cents per pound, respectively, while Virginia sun-cured (type 37) brought 31.4 cents.

Growers placed much smaller amounts of the 1949 crop under Government loan than in the previous two seasons. About 4 million pounds (farm-sales-weight equivalent) or around 11 percent of the 1949 dark air-cured crop went into Government loan. Of the 43 million pounds received under Government loan in the past 4 seasons (1946-49), about 30 million pounds (farm-sales-weight equivalent) remained on July 1, 1950.

CIGAR, TYPES 41-62

Cigar Filler Acreage, Supply and Disappearance

The combined Pennsylvania and Ohio cigar filler acreage is indicated at 46,600--5 percent above that harvested in 1949. The Pennsylvania acreage accounted for five-sixths of the total and was up 4 percent, while in Ohio the relative increase appeared to be nearly 12 percent. The Pennsylvania acreage may be the largest since 1932, but the Ohio acreage remains below prewar.

Production as of August is indicated at about 72 million pounds--4 million above the 1949 poundage. The Pennsylvania filler crop may be the second or third largest on record. The carry-over of cigar filler on October 1, 1950, is estimated at approximately 140 million pounds--6 percent above carry-over last October 1. The 1950-51 supply of domestic cigar filler--production plus carry-over--will be around 212 million pounds compared with 200 million pounds for 1949-50. This is the largest supply since 1942 and also exceeds the prewar average.

Disappearance of cigar filler during the year ending September 30 is estimated at close to 60 million pounds--about 2-1/2 million pounds less than in the preceding year (1948-49). Most of the filler tobacco is used in domestic cigar manufacture, which has been running below that of a year ago.

Puerto Rican tobacco (type 46) is also an important filler type used in the United States cigars. The 1949 crop harvested in the early months of 1950 has been estimated at 28 million pounds--a little larger than the crop a year earlier. Total stocks of Puerto Rican tobacco in the United States on July 1 amounted to 26-1/2 million pounds--5 percent lower than a year earlier, and stocks on the Island at about 32 million pounds were 7 percent lower. Shipments of Puerto Rican tobacco to the United States in the year ended June 30 were larger than in the previous year. (See table 4.)

Table 11.- Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-50

(farm-sales weight)

Year and type	Production	Stocks October 1 1/	Supply	Disappearance year beginning October 1 1/	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Total filler types 41-44 2/					
Average 1934-38	48.9	159.9	208.8	54.4	10.4
1939	63.1	141.9	205.0	54.0	11.7
1940	64.7	151.0	215.7	58.7	12.0
1941	71.2	157.0	228.2	61.4	12.5
1942	53.8	166.8	220.6	67.0	13.2
1943	47.0	153.6	200.6	55.2	18.6
1944	58.8	145.4	204.2	61.3	19.5
1945	49.9	142.9	192.8	64.0	34.0
1946	64.4	128.8	193.2	71.0	32.8
1947	63.2	122.2	185.4	61.7	30.6
1948	70.8	123.7	194.5	62.6	25.8
1949 3/	68.0	131.9	199.9	4/ 59.9	26.2
1950 3/	71.9	4/ 140.0	4/ 211.9		
Total binder types 51-56					
Average 1934-38	41.8	165.1	206.9	60.5	12.5
1939	63.3	116.6	179.9	45.0	16.6
1940	67.9	134.9	202.8	66.1	14.5
1941	61.6	136.7	198.3	60.4	16.9
1942	55.2	137.9	193.1	66.4	20.4
1943	51.0	126.7	177.7	69.2	30.3
1944	57.2	108.5	165.7	63.4	30.9
1945	62.1	102.3	164.4	60.9	47.7
1946	73.8	103.5	177.3	53.6	52.7
1947	70.3	123.7	194.0	68.2	43.4
1948	59.7	125.8	185.5	62.2	41.2
1949 3/	61.5	123.3	184.8	4/ 57.8	35.9
1950 3/	65.7	4/ 127.0	4/ 192.7		
Total wrapper types 61-62					
Average 1934-38	8.4	11.8	20.2	9.3	78.3
1939	11.4	10.1	21.5	7.9	67.7
1940	9.5	13.6	23.1	10.4	77.6
1941	10.1	12.7	22.8	9.6	98.4
1942	9.2	13.2	22.4	9.4	132.1
1943	10.0	13.0	23.0	8.7	167.7
1944	11.3	14.3	25.6	10.9	196.1
1945	11.2	14.7	25.9	12.3	197.3
1946	12.5	13.6	26.1	12.7	234.0
1947	13.5	13.4	26.9	12.4	296.0
1948	15.1	14.5	29.6	13.0	274.0
1949 3/	17.1	16.6	33.7	14.2	236.0
1950 3/	14.2	19.5	33.7		

1/ Stocks and disappearance for types 56, 61, and 62 are as of July 1. 2/ A small quantity of type 45 for 1939 and 1940 not included. 3/ Subject to revision. 4/ Preliminary estimate.

Cigar Binder Acreage, Supply, and Disappearance

Total cigar binder acreage is indicated at 41,100, almost 6 percent higher than in 1949. Connecticut Valley Broadleaf (type 51) is up the most--12 1/2 percent. This year in the Connecticut Valley, a considerable share of the acreage taken out of shade-grown wrapper was shifted to the binder types. The second largest relative acreage increase over last year among the binder types was 7 percent in Southern Wisconsin (type 54). Connecticut Valley Havana Seed (type 52) and Northern Wisconsin (type 55) had increases of 3 1/2 and 2 1/2 percent, respectively, while the small New York and Pennsylvania Havana Seed (type 53) has about the same acreage as in 1949.

Production of all binder tobacco this year according to August indications is expected to be nearly 66 million pounds--about 7 percent larger than in 1949. The Connecticut Valley Broadleaf crop may be more than one-fifth larger than in 1949 and the largest since 1931. The Connecticut Valley Havana Seed is indicated at 7 percent above last year's crop. The Southern Wisconsin crop appeared to be about 3 1/2 percent above 1949 while the Northern Wisconsin may be almost the same size as in 1949. The carry-over of binder tobacco on October 1, 1950, is expected to be around 127 million pounds compared with 123 million on last October 1. This carry-over plus the production in prospect will provide total supplies for 1950-51 of around 193 million pounds--8 million pounds greater than for 1949-50. This is less than prewar average but almost up to the postwar peak level of 1947-48.

Disappearance of cigar binder in the year ending September 39, 1950, is estimated at around 58 million pounds or about 4 million pounds lower than in 1948-49. Most cigar binder goes into cigars or scrap chewing tobacco. During the first three-fourths of the current marketing year (October 1949-June 1950), output of cigars and scrap chewing have both dropped below the same period in the preceding year. Exports of binder have been much less than the unusually large amount that went abroad in 1948-49. Germany, Belgium, Austria, Netherlands, and Denmark are the main foreign destinations of binder. Germany was the destination for about one-half of the poundage shipped in the 9 months ended June 30.

Cigar Wrapper Acreage, Supply and Disappearance

The indicated 1950 cigar wrapper acreage is 13,000--down from last year by almost 17 percent. Practically all the reduction occurred in the Connecticut Valley shade-grown (type 61). The Georgia-Florida shade-grown (type 62) acreage is only about 2 percent smaller than last year.

The production of wrapper according to August 1 indications will total 14.2 million pounds this year--a drop of 17 percent below last year's crop. Practically all of the decline is in type 61, where there is not only a smaller acreage, but also around 3 percent lower yield per acre than in 1949. The carry-over of domestic wrapper on July 1 was 19.5 million pounds compared with 16.6 million pounds on July 1, 1949. Both types are substantially above a year ago; and on a combined basis, wrapper stocks of types 61-62 are the largest for July on record.

The 1950-51 wrapper supplies of 33.7 million pounds equal the 1949-50 record. The large rise in carry-over offsets the reduction below last year's production.

The total disappearance of wrapper during the year ending June 30 was a little over 14 million pounds--up 9 percent over the preceding year, which was the previous peak for the past quarter-century. Cigar manufacture during 1949-50 was smaller than in 1948-49. However, exports of wrapper in 1949-50 were substantial, especially, compared with prewar. The foreign destinations for exported wrapper were principally Germany, Denmark, and also some other western European countries.

On June 8, the Senate passed a bill (S. 2980) amending the Agricultural Adjustment Act of 1938 to include the cigar wrapper types 61 and 62 under marketing quota and price support programs. With a few modifications to fit the characteristics of wrapper tobacco, the bill would make possible the same type of program as provided for other types of tobacco by the 1938 Act as amended from time to time. The House Agriculture Committee has held hearings on the bill but no action has been reported.

Cigar Tobacco Types Have Higher 1950 Parities

The new parity formula provided by the Agricultural Acts of 1948 and 1949 raises the cigar tobacco parities above those of last year. The support level for the 1950 crop of cigar tobacco will be set between 75 and 90 percent of parity determined in accordance with the legislation. On June 27, the Production and Marketing Administration announced that based on estimates at that time, the support level for the 1950 cigar filler and binder crops would be at 88 percent of parity but that the final support level would be determined as of October 1, 1950. Table 12 compares the 1948 and 1949 season average prices, the support levels for the 1949 crops and the support levels for the 1950 crop which would result assuming they were based on 88 percent of the July 15 parity--the latest available. If some further rise in the parity index occurs by September 15, 1950, the parities for the cigar tobacco types would be increased proportionately.

Table 12.- Cigar tobacco types: Season average prices, 1948-49; support levels, 1949; and illustrative support levels, 1950

Class, type, and type number	Season average price per pound received by farmers 1948	Season average price per pound received by farmers 1949	Support level applicable to 1949 crops	Approximate 1950 supports assuming 88 percent of July 15 parities 1/
	Cents	Cents	Cents	Cents
Cigar filler:				
Pennsylvania Seedleaf (41)	26.3	26.4	20.1	25.4
Ohio-Miami Valley (42-44)	23.0	25.0	18.3	23.8
Puerto Rican (46)	27.0	2/	31.5	29.3
Cigar binder:				
Conn. Valley Broadleaf (51)	60.0	53.0	40.6	49.5
Conn. Valley Havana Seed (52)	62.3	41.8	42.9	50.0
N. Y. & Pa. Havana Seed (53)	25.0	22.0	24.2	25.8
Southern Wisconsin (54)	22.4	23.0	19.8	24.6
Northern Wisconsin (55)	23.0	28.5	25.7	30.2
Cigar wrapper:				
Conn. Valley Shade-grown (61)	290.0	250.0	3/	3/
Ga. & Fla. Shade-grown (62)	245.0	210.0	3/	3/

1/ Actual support levels for cigar types will be determined by the position of parity index as of September 15 and the supply position of cigar tobacco as of October 1.
2/ Not available.
3/ Mandatory loans not applicable.

Government loan programs on cigar tobacco have been operative on the Puerto Rican (type 46); the Wisconsin types 54 and 55; and last season for the first time, on Connecticut Valley types 51 and 52. As of June 30, Government loan stocks of cigar tobacco were relatively small amounting to about 2 1/4 million pounds of Puerto Rican (type 46), 1 1/2 million of Connecticut Valley Havana Seed (type 52), 2 1/4 million of type 54, and a little over one-third million of type 55. Government loans on the recently marketed 1949 Puerto Rican crop were substantial, but specific data were not available for inclusion in this issue.

Table 13.- Acreage of tobacco in the United States, by types, average 1934-38, annual 1949-50 and percentages

Type	1934-38	1949 1/	1950 1/	Percentage change 1934-38 to 1950	Percentage change 1949 to 1950
	Thou. acres	Thou. acres	Thou. acres	Percent	Percent
Total flue-cured, types 11-14:	863.1	935.4	954.4	+10.6	+2.0
Old and Middle Belt, type 11	327.1	332.0	341.0	+4.2	+2.7
Eastern North Carolina, type 12	296.6	304.0	307.0	+3.5	+1.0
South Carolina, type 13	155.7	188.0	190.0	+22.0	+1.1
Georgia and Florida	83.7	111.4	116.4	+39.1	+4.5
Total fire-cured, types 21-24:	135.2	60.4	53.7	-60.3	-11.1
Virginia, type 21	23.1	10.7	10.0	-56.7	-6.5
Kentucky and Tennessee, type 22	76.7	34.1	30.2	-60.6	-11.4
Kentucky and Tennessee, type 23	32.4	15.5	13.4	-58.6	-13.6
Henderson, type 24	3.0	.1	.1	-96.7	.0
Burley, type 31	347.2	453.4	408.4	+17.6	-9.9
Maryland, type 32	36.7	50.0	49.0	+33.5	-2.0
Total dark air-cured, types 35-37:	42.0	32.1	29.3	-30.2	-8.7
One Sucker, type 35	19.9	17.9	16.1	-19.1	-10.1
Green River, type 36	18.8	10.2	9.5	-49.5	-6.9
Virginia Sun-cured, type 37	3.3	4.0	3.7	+12.1	-7.5
Total cigar filler, types 41-44:	38.0	44.3	46.6	+22.6	+5.2
Pennsylvania Seedleaf, type 41	23.4	37.6	39.1	+67.1	+4.0
Miami Valley, types 42-44	14.6	6.7	7.5	-48.6	+11.9
Total cigar binder, types 51-56:	2/ 29.9	38.8	41.1	+37.5	+5.9
Connecticut Valley Broadleaf, type 51	7.2	8.8	9.9	+37.5	+12.5
Conn. Valley Havana Seed, type 52	5.4	8.5	8.8	+63.0	+3.5
N. Y. and Pa. Havana Seed, type 53	.7	1.0	1.0	+42.9	.0
Southern Wisconsin, type 54	8.9	8.5	9.1	+2.2	+7.1
Northern Wisconsin, type 55	6.7	12.0	12.3	+83.6	+2.5
Georgia and Florida Sun-grown, type 56	2/ 1.0	.0	.0	.0	.0
Total cigar wrapper, types 61-62:	8.9	15.6	13.0	+46.1	-16.7
Conn. Valley Shade-grown, type 61	6.3	10.5	8.0	+27.0	-23.8
Ga. and Fla. Shade-grown, type 62	2.6	5.1	5.0	+92.3	-2.0
Louisiana Perique, type 72	.3	.3	.3	.0	.0
Total all types	1,501.3	1,630.3	1,595.8	+6.3	-2.1

1/ Preliminary.
2/ Includes a small amount of type 45 supplanted by type 56.

Table 14.- Tobacco: Yield per acre by classes and types, specified averages, and annual 1935-50

Period	Flue-cured 11-14	Fire-cured 21-24	Burley 31	Mary-land 32	Dark air-cured 35-37	Cigar Filler 41-45 1/	Cigar Binder 51-56 1/	Cigar Wrapper 61-62	United States total all types
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
Average:									
1925-29	698	780	798	778	792	1,122	1,288	1,060	773
1930-34	733	786	782	677	811	1,075	1,395	1,014	786
Av. 1935-39	876	810	839	769	842	1,273	1,462	955	883
1935	928	823	794	775	847	1,288	1,531	974	905
1936	790	787	729	820	723	1,344	1,559	1,046	807
1937	875	830	907	650	902	1,204	1,430	851	895
1938	866	740	833	780	828	1,239	1,255	860	866
1939	922	868	931	820	908	1,292	1,536	1,044	940
Av. 1940-44	992	954	1,036	761	999	1,363	1,528	989	1,021
1940	1,025	888	1,045	850	905	1,337	1,530	922	1,036
1941	905	935	985	775	967	1,497	1,503	939	966
1942	1,024	982	980	740	1,037	1,249	1,520	963	1,023
1943	938	943	982	590	972	1,241	1,540	1,044	964
1944	1,069	1,022	1,189	850	1,116	1,493	1,547	1,075	1,116
Av. 1945-49	1,157	1,105	1,233	763	1,108	1,463	1,544	1,017	1,180
1945	1,088	951	1,127	525	988	1,281	1,529	1,001	1,094
1946	1,137	1,189	1,256	925	1,215	1,504	1,551	1,000	1,182
1947	1,135	1,024	1,153	795	1,054	1,429	1,527	992	1,139
1948	1,233	1,170	1,396	750	1,163	1,566	1,528	998	1,274
1949 2/	1,191	1,193	1,235	820	1,120	1,534	1,584	1,096	1,209
1950 3/	1,201	1,179	1,225	750	1,166	1,542	1,599	1,094	1,211
	Percentage change								
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Av. 1935-39 to: av. 1945-49	+32.1	+36.4	+47.0	-.8	+31.6	+14.9	+5.6	+6.5	+33.6
1949 to 1950	+.8	-1.2	-.8	-8.5	+4.1	+.5	+.9	-.2	+.2

1/ From 1936 to 1939, type 45 (filler) supplanted by type 56 (binder).
2/ Preliminary.
3/ Indicated as of August 1.

Table 15.- Cash receipts from tobacco compared with total cash receipts from all farm commodities, selected States and United States, average 1935-39, annual 1948-49

State	Cash receipts: Total	Cash receipts: Tobacco	Tobacco as percent of total	Cash receipts: Total	Cash receipts: Tobacco	Tobacco as percent of total	Cash receipts: Total	Cash receipts: Tobacco	Tobacco as percent of total
	Average 1935-39			1948			1949		
	Mil. dol.	Mil. dol.	Pct.	Mil. dol.	Mil. dol.	Pct.	Mil. dol.	Mil. dol.	Pct.
N. C.	227	121	53.3	783	377	48.1	706	359	50.8
Ky.	146	52	35.6	590	196	33.2	534	186	34.8
S. C.	100	19	19.0	352	66	18.8	278	72	25.9
Va.	120	20	16.7	440	70	15.9	406	59	14.5
Tenn.	125	16	12.8	502	64	12.7	432	55	12.7
Ga.	146	15	10.3	520	47	9.0	447	49	11.0
Conn.	54	7	13.0	162	32	19.8	156	32	20.5
Md.	70	5	7.1	249	17	6.8	238	19	8.0
Fla.	119	4	3.4	336	18	5.4	435	18	4.1
Pa.	264	4	1.5	824	16	1.9	768	17	2.2
Mass.	75	2	2.7	197	11	5.6	183	12	6.6
Wis.	297	2	.7	1,153	10	.9	952	7	.7
Ohio	326	3	.9	1,039	9	.9	957	10	1.0
Ind.	266	2	.8	1,051	6	.6	957	5	.5
Sub-total	2,335	272	11.6	8,198	939	11.5	7,449	900	12.1
U. S. 1/	7,973	274	3.4	30,544	945	3.1	28,127	904	3.2

1/ Other States with relatively small cash receipts from tobacco are Alabama, Kansas, Louisiana, Minnesota, Missouri, New York, and West Virginia.

Table 16.- Tax-paid withdrawals of tobacco products in the United States, fiscal years 1949 and 1950, and January-June 1950 1/

Products	Fiscal year 1949	Fiscal year 1950	Fiscal year Change	January-June 1949	January-June 1950	January-June Change
	Million	Million	Percent	Million	Million	Percent
Small cigarettes	352,207	355,098	+.8	175,493	178,239	+1.6
Large cigarettes	.9	.7	-22.2	.5	.4	-20.0
Large cigars	5,693	5,473	-3.9	2,686	2,572	-4.2
Small cigars	79	77	-2.5	38	33	-13.2
Snuff 2/	40.4	41.0	+1.5	20.3	20.2	-.5
Manufactured tobacco 2/	196.9	194.8	-1.1	94.9	95.7	+.8

1/ Based on sales of revenue stamps and includes products from Puerto Rico.
2/ Million pounds.

Compiled from reports of Internal Revenue.

Table 17.- Fiscal year receipts from Federal taxes on tobacco products in the United States, selected averages, annual 1945-50

Year ending June 30	Cigarettes 1/	Cigars 2/	Chewing and smoking	Snuff	All other 3/	Total
	Thou. dol.	Thou. dol.	Thou. dol.	Thou. dol.	Thou. dol.	Thou. dol.
Average:						
1925-29	280,594	30,576	64,727	7,033	1,666	384,596
1930-34	343,029	15,510	57,451	6,954	1,409	424,353
1935-39	456,908	12,677	54,712	6,677	1,214	532,188
1940-44	718,814	18,884	50,914	7,275	4,096	799,983
1945-49	1,099,186	43,766	40,108	7,362	1,095	1,191,517
1945	836,753	36,678	49,574	7,741	1,399	932,145
1946	1,072,971	41,454	41,961	7,373	1,760	1,165,519
1947	1,145,268	48,354	36,548	7,054	544	1,237,768
1948	1,208,204	46,752	37,024	7,372	928	1,300,280
1949	1,232,735	45,590	35,435	7,272	843	1,321,875
1950	1,242,851	42,170	35,070	7,389	985	1,328,465

1/ Includes large cigarettes.
2/ Includes small cigars.
3/ Leaf dealer penalties, floor taxes, cigarette papers and tubes, etc.

Compiled from reports of Internal Revenue.

Table 18.- Tobacco manufactures: Net Sales, costs and expenses, net income, and profit ratios, by quarters, 1947-50

Year and quarter	Net sales	Costs, expenses, and other deductions	Net income: Before Federal income taxes	Net income: After Federal income taxes	Profits in cents per dollar of sales: Before Federal income taxes	Profits in cents per dollar of sales: After Federal income taxes	Profits as percentage of stockholders' equity (annual basis): Before Federal income taxes	Profits as percentage of stockholders' equity (annual basis): After Federal income taxes
	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.				
1947								
1	586	546	40	24	6.8	4.1	14.8	8.8
2	667	626	41	25	6.1	3.7	15.2	9.2
3	683	637	46	29	6.7	4.2	17.2	10.8
4	705	654	51	31	7.2	4.4	18.8	11.2
Year	2,641	2,463	178	109	6.7	4.1	16.6	10.1
1948								
1	692	646	46	28	6.6	4.0	16.0	10.0
2	783	731	52	33	6.6	4.2	18.0	11.6
3	852	769	83	52	9.7	6.1	28.0	17.6
4	754	678	76	46	10.1	6.1	25.6	15.6
Year	3,081	2,824	257	159	8.3	5.2	22.0	13.7
1949								
1	702	648	54	34	7.7	4.8	18.4	11.6
2	782	718	64	39	8.2	5.0	20.8	12.8
3	812	743	69	43	8.5	5.3	22.0	13.6
4	765	702	63	40	8.2	5.2	19.6	12.4
Year	3,061	2,811	250	156	8.2	5.1	20.2	12.6
1950								
1	703	652	52	32	7.4	4.6	16.4	10.0

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